

United States Senate
WASHINGTON, DC 20510

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WCB
USF General

July 5, 2011

The Honorable Julius Genachowski
The Honorable Michael J. Copps
The Honorable Robert M. McDowell
The Honorable Mignon Clyburn
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Dear Commissioners:

We write in support of your efforts to reform the Universal Service Fund (USF) to support broadband delivery. Broadband is no longer a luxury; it has become critical economic infrastructure for Americans. Unfortunately, broadband is still an expensive and uneven service in parts of the country. It is very important that all Americans have access to both fixed and mobile broadband services at an affordable price.

The Commission identified "investment gaps" in the National Broadband Plan which would require \$23.5 billion to finance a minimum 4Mbps download/1Mbps upload for the entire country. The cost of upgrading to fiber-to-the-home would increase the cost to approximately \$55 billion. This is a significant amount of money. Given that the High-Cost Fund outlays have been \$4.27 billion for 2010, \$4.3 billion in 2009, and \$4.24 billion in 2008, we will only reach these goals if we know exactly where we need to deploy and support high-speed broadband service.

Therefore, we urge you to take the following measures as you move forward to establish the Connect America Fund:

1. Use broadband funds to bridge private sector investment gaps.

The Commission should require that funds allocated through the proposed Connect America Fund are used to prioritize areas without any broadband or where no provider offers service at a baseline level of transmission speed, as determined by the Commission.

We should also prioritize for funding those areas that are *least* likely to be built out over the next three-to-five years because their geographic and/or demographic profile make them insufficiently profitable based on commercial business models. While coverage plans should include adjacent communities so that isolated communities are included, funds should be targeted to the portion of a project that covers territory where broadband at a baseline level is unavailable. The National Broadband Map released in February 2011 was the first attempt at mapping on a nationwide level. Therefore, we ask that the Commission update the investment gap estimates with more granular data as soon as a more complete version of the map is available. As an example, Virginia's state broadband availability map provides data at the more useful address-level, not just at the Census-block level.

The Commission should revisit this baseline level annually and should set goals for minimum target speeds for broadband that would be required to qualify for funding. This should not be a static issue, when nothing else in the technology world stays as it is forever. 4 Mbps download is an acceptable speed now—it will not be in 10 years.

2. Provide strong accountability and oversight.

Any new broadband program must include strong accountability measures to ensure that funds are being spent to achieve goals including universal broadband access, high-quality service, and greater broadband adoption. The Commission should also require states to disaggregate study areas in order to ensure funding is used for broadband deployment in specific areas. Without an accurate way of targeting unserved communities, it is likely that high-cost areas that are presently unserved will continue to lack broadband service in any form.

The Commission should also establish a cap on expenditures to provide an incentive for service providers to devise lower-cost solutions that meet nationwide needs for both fixed and mobile broadband. Funding should require a match from service providers and should be conditioned on reasonable access and interconnection requirements.

3. Provide high-value broadband service that keeps pace with new technologies.

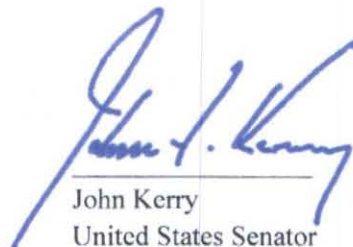
The new program should support the deployment of broadband on a targeted, technology-neutral basis—without prejudice. In some areas, the most cost-effective service might be fixed, wireless, or satellite services. A competitively-neutral focus on technology will also enable us to ensure that consumers receive broadband services that prioritize quality, speed, and efforts to encourage greater broadband adoption. Therefore, we urge the Commission to fully consider all options in order to encourage innovation and the growth of new technologies.

Thank you for your consideration of these views. We encourage you to think broadly as you seek to reform the Universal Service Fund to support broadband deployment. It is important that we improve the cost-effectiveness of the new program, and we stand ready to work with you in support of these goals.

Sincerely,



Mark R. Warner
United States Senator



John Kerry
United States Senator



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable John F. Kerry
Chairman
Subcommittee on Communications, Technology, and the Internet
Committee on Commerce, Science, and Transportation
United States Senate
218 Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Kerry:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21st century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

The Commission's Order will create jobs beginning in 2012, and lay the foundation for enduring job creation, economic growth, and U.S. global competitiveness for years to come.

For your information, I am enclosing a copy of the Order's "Executive Summary." Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Genachowski", is written over the name Julius Genachowski.

Julius Genachowski

Enclosure



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Mark R. Warner
United States Senate
459A Russell Senate Office Building
Washington, D.C. 20510

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Julius Genachowski

Enclosure